

House Study Bill 117 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON COWNIE)

A BILL FOR

1 An Act providing for the regulation of transportation network
2 companies.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **321N.1 Purpose.**

2 The purpose of this chapter is to ensure the safety,
3 reliability, and cost-effectiveness of transportation network
4 company services within this state and to preserve and enhance
5 access to this important transportation option for residents
6 and visitors to the state.

7 Sec. 2. NEW SECTION. **321N.2 Definitions.**

8 As used in this chapter, unless the context otherwise
9 requires:

10 1. "*Department*" means the state department of
11 transportation.

12 2. "*Transportation network company*" or "*company*" means
13 an entity licensed under this chapter and operating in this
14 state that uses a digital network or software application
15 service to connect passengers to transportation network company
16 drivers providing transportation network company services. A
17 transportation network company is not required to own, control,
18 operate, or manage the motor vehicles used by transportation
19 network company drivers.

20 3. "*Transportation network company driver*" or "*driver*" means
21 a person who operates a motor vehicle that is owned, leased,
22 or otherwise authorized for use by the person to provide
23 transportation network company services.

24 4. "*Transportation network company services*" or "*services*"
25 means transportation of a passenger between points chosen by
26 the passenger and prearranged with a transportation network
27 company driver through the use of a digital network or software
28 application service maintained by a transportation network
29 company. "*Transportation network company services*" begin when
30 a transportation network company driver accepts a request for
31 transportation from a passenger sent through a digital network
32 or software application service maintained by a transportation
33 network company, continue during the time period in which the
34 transportation network company driver transports the passenger
35 in a motor vehicle, and end when the passenger exits the motor

1 vehicle.

2 Sec. 3. NEW SECTION. **321N.3 Other carriers — exclusion.**

3 A transportation network company, a transportation
4 network company driver, or a motor vehicle used to provide
5 transportation network company services is not a motor carrier
6 as defined in section 325A.1, private carrier as defined in
7 section 325A.1, charter carrier as defined in section 325A.12,
8 common carrier, or taxicab service.

9 Sec. 4. NEW SECTION. **321N.4 Permit required.**

10 1. A person shall not operate a transportation network
11 company in this state without having obtained a permit from the
12 department.

13 2. The department shall issue a permit to operate a
14 transportation network company to each applicant that
15 meets the requirements of this chapter and pays an annual
16 permit fee of five thousand dollars to the department. Fees
17 received pursuant to this subsection shall be retained as
18 repayment receipts by the department and shall be used for the
19 administration of this chapter.

20 Sec. 5. NEW SECTION. **321N.5 Agent.**

21 A transportation network company shall maintain an agent in
22 this state for service of process.

23 Sec. 6. NEW SECTION. **321N.6 Identification of vehicles and**
24 **drivers.**

25 Before a passenger enters the motor vehicle of a
26 transportation network company driver, the company shall
27 disclose all of the following information to the passenger on
28 the company's internet site or within the company's software
29 application service:

30 1. A picture that prominently displays the face of the
31 driver.

32 2. The registration plate number of the motor vehicle
33 operated by the driver.

34 Sec. 7. NEW SECTION. **321N.7 Fare for services.**

35 A transportation network company may charge a fare for the

1 services provided to a passenger if the company discloses all
2 of the following information to the passenger on the company's
3 internet site or within the company's software application
4 service:

5 1. The calculation method for the fare.

6 2. The applicable rates and fees to be charged to the
7 passenger.

8 3. The option for the passenger to receive an estimated
9 fare before the passenger enters a motor vehicle operated by a
10 transportation network company driver.

11 Sec. 8. NEW SECTION. 321N.8 **Electronic receipt.**

12 Within a reasonable period of time following the completion
13 of services provided to a passenger, the transportation network
14 company shall transmit an electronic receipt to the passenger
15 containing all of the following information:

16 1. The origin and destination of the trip.

17 2. The total time and distance of the trip.

18 3. An itemized account of the total fare paid by the
19 passenger, if any.

20 Sec. 9. NEW SECTION. 321N.9 **Insurance requirements.**

21 1. *a.* For the period of time in which a transportation
22 network company driver is logged on to a transportation network
23 company's digital network or software application service
24 and is available to receive requests for transportation from
25 passengers, but is not providing transportation network company
26 services, the company shall maintain financial liability
27 coverage in amounts greater than or equal to those stated in
28 section 321A.1, subsection 11.

29 *b.* The financial liability coverage required by paragraph
30 "a" shall cover the transportation network company driver in the
31 event that the driver's financial liability coverage does not
32 provide coverage to the driver during the period of time stated
33 in paragraph "a", or does not provide coverage in the amounts
34 required by paragraph "a".

35 2. *a.* For the period of time in which a transportation

1 network company driver is providing transportation network
2 company services, the transportation network company or the
3 driver shall maintain financial liability coverage in the
4 amount of one million dollars for death, bodily injury, or
5 property damage.

6 *b.* The financial liability coverage shall explicitly
7 recognize that the coverage applies to a driver providing
8 transportation network company services.

9 *c.* The amount of financial liability coverage required by
10 paragraph "a" may be satisfied by a combination of insurance
11 policies maintained by the transportation network company and
12 the transportation network company driver.

13 3. Where the financial liability coverage maintained by a
14 driver to satisfy the requirements of this section lapses, is
15 canceled, fails to provide coverage, denies a claim, or ceases
16 to exist for any reason, the motor vehicle liability policy of
17 the transportation network company shall maintain the financial
18 liability coverage required by this section beginning with the
19 first dollar of a claim.

20 4. A financial liability coverage required by this section
21 shall be issued by an insurer licensed under section 522B.6,
22 subsection 2, paragraph "d", or section 522B.6, subsection 2,
23 paragraph "g".

24 5. *a.* An insurer licensed under chapter 522B shall
25 disclose, in a prominent place on the policy, whether or not
26 the policy provides coverage for a motor vehicle while the
27 vehicle is being used to provide transportation network company
28 services.

29 *b.* An insurer licensed under chapter 522B may exclude
30 coverage, including but not limited to liability coverage for
31 bodily injury or property damage, uninsured and underinsured
32 motorist coverage, medical payments coverage, comprehensive
33 physical damage coverage, or collision physical damage
34 coverage, for claims resulting from, or arising out of, the
35 insured motor vehicle being used to provide transportation

1 network company services, provided such exclusion is explicitly
2 set forth in the motor vehicle liability policy, and the
3 insurer or its agent discloses the language of the exclusion
4 in writing to the insured during the application process for
5 the policy.

6 *c.* If such an exclusion is explicitly set forth in the motor
7 vehicle liability policy, the insurer shall not have a duty to
8 indemnify or defend the insured against claims resulting from,
9 or arising out of, use of the insured motor vehicle to provide
10 transportation network company services, provided the insurer
11 complies with chapter 507B.

12 6. During a claims investigation, a transportation network
13 company and its insurer shall cooperate with the parties to the
14 claim to facilitate the exchange of information, including but
15 not limited to the time periods in which the driver was logged
16 on to the company's digital network or software application
17 service in the twenty-four-hour period immediately preceding
18 the accident, and the terms, conditions, and exclusions of
19 the applicable financial liability coverage maintained by the
20 company.

21 Sec. 10. NEW SECTION. **321N.10 Disclosure requirements.**

22 1. A transportation network company shall disclose all of
23 the following information to a transportation network company
24 driver in writing before the driver may accept a request from a
25 passenger for transportation network company services:

26 *a.* The amounts and terms of financial liability coverage
27 provided by the company to the driver while the driver operates
28 a motor vehicle in connection with the company's digital
29 network or software application service.

30 *b.* That the driver's personal motor vehicle liability policy
31 may not provide coverage when the driver operates a motor
32 vehicle in connection with the company's digital network or
33 software application service.

34 Sec. 11. NEW SECTION. **321N.11 Drug and alcohol use**
35 **prohibited.**

1 1. A transportation network company shall adopt a policy
2 prohibiting the use of drugs or alcohol by a transportation
3 network company driver while the driver is providing services
4 or is logged on to the company's digital network or software
5 application service and available to receive requests for
6 transportation from potential passengers. The company shall
7 display this policy on its internet site. The policy shall
8 include a procedure by which a passenger can submit a complaint
9 against a driver with whom the passenger was matched by
10 the company if the passenger reasonably suspects the driver
11 was under the influence of drugs or alcohol while providing
12 services to the passenger.

13 2. Upon receipt of a passenger complaint alleging a
14 violation of the drug and alcohol policy, the company shall
15 immediately suspend the driver's access to the company's
16 digital network or software application service and shall
17 conduct an investigation into the reported incident. The
18 suspension shall last for the duration of the investigation.

19 3. A transportation network company shall maintain all
20 records relevant to a complaint received pursuant to this
21 section for at least two years from the date the passenger
22 complaint was received by the company.

23 Sec. 12. NEW SECTION. **321N.12 Driver requirements.**

24 1. Prior to permitting a person to act as a transportation
25 network company driver on a transportation network company's
26 digital network or software application service, the company
27 shall do all of the following:

28 a. Require the person to submit an application to the
29 company, including the person's address and age, and including
30 copies of the person's driver's license, driving history, motor
31 vehicle registration, proof of financial liability coverage,
32 and any other information required by the company.

33 b. Conduct, or instruct a third party to conduct, a local
34 and national criminal background check, including a report from
35 a national commercial criminal record database with validation,

1 and a report from the national sex offender registry database.

2 *c.* Obtain and review a driving history research report on
3 the person.

4 2. A transportation network company shall not permit a
5 person to act as a driver on the company's digital network or
6 software application service if any of the following apply:

7 *a.* The person has had more than three moving violations in
8 the prior three-year period.

9 *b.* The person has been convicted in the prior three-year
10 period of violating section 321.218, 321.277, 321.279, or
11 321J.21, or of any other moving violation punishable by more
12 than a scheduled fine.

13 *c.* The person has been convicted in the prior seven-year
14 period of violating section 321J.2 or 321J.2A, or any crime
15 involving fraud, a sexual offense, use of a motor vehicle to
16 commit a felony, property damage, theft, an act of violence, or
17 an act of terror.

18 *d.* The person is registered on the national sex offender
19 registry database.

20 *e.* The person does not possess a valid Iowa driver's
21 license.

22 *f.* The person does not possess proof of an Iowa registration
23 for the motor vehicle used to provide transportation network
24 company services.

25 *g.* The person does not possess proof of financial liability
26 coverage for the motor vehicle used to provide transportation
27 network company services.

28 *h.* The person is not at least nineteen years of age.

29 Sec. 13. NEW SECTION. 321N.13 **Street hails prohibited.**

30 A transportation network company driver shall only accept
31 passengers who booked services through the company's digital
32 network or software application service, and shall not solicit
33 or accept passengers hailing the driver from the street.

34 Sec. 14. NEW SECTION. 321N.14 **Cash payments prohibited.**

35 A transportation network company shall adopt a policy

1 prohibiting the solicitation or acceptance of cash payments
2 from passengers and shall notify drivers of the policy.
3 A driver shall not solicit or accept cash payments from
4 passengers. Any payment for services shall be made
5 electronically using the company's digital network or software
6 application service.

7 Sec. 15. NEW SECTION. 321N.15 **Discrimination prohibited**
8 **— accessibility.**

9 1. A transportation network company shall adopt a policy
10 prohibiting discrimination against passengers and potential
11 passengers on the basis of race, color, national origin,
12 religious belief or affiliation, sex, sexual orientation or
13 identity, disability, or age, and shall notify drivers of the
14 policy.

15 2. A driver shall comply with all applicable laws
16 prohibiting discrimination against passengers and potential
17 passengers on the basis of race, color, national origin,
18 religious belief or affiliation, sex, sexual orientation or
19 identity, disability, or age.

20 3. A driver shall comply with all applicable laws relating
21 to accommodation of service dogs and assistive animals,
22 including but not limited to the requirements of section
23 216C.11.

24 4. A company shall not impose an additional charge for
25 providing services to a passenger with a physical disability
26 if the charge is imposed because of the passenger's physical
27 disability.

28 5. A company shall provide a passenger the opportunity to
29 indicate whether the passenger requires a wheelchair-accessible
30 motor vehicle as part of the passenger's request for
31 transportation. If the company cannot, under any
32 circumstances, arrange a wheelchair-accessible motor vehicle
33 to provide the passenger with services, the company shall
34 provide the contact information of an alternate provider of
35 wheelchair-accessible transportation, if available.

1 Sec. 16. NEW SECTION. 321N.16 **Records.**

2 A transportation network company shall maintain the records
3 of each instance of services provided to a passenger for at
4 least one year from the date the services were provided. A
5 company shall maintain the records of each of its drivers for
6 at least one year from the date a driver's activation on the
7 company's digital network or software application service has
8 ended.

9 Sec. 17. NEW SECTION. 321N.17 **Disclosure of personal**
10 **information.**

11 1. A transportation network company shall not disclose
12 a passenger's personal information to a third party unless
13 the passenger consents to the disclosure, the disclosure is
14 required by law, the disclosure is required to protect or
15 defend the terms of use of the company's services, or the
16 disclosure is required to investigate a violation of the terms
17 of use. For purposes of this section, "*personal information*"
18 includes but is not limited to the passenger's name, home
19 address, telephone number, and payment information.

20 2. Notwithstanding subsection 1, a transportation network
21 company may disclose a passenger's name and telephone number
22 to the driver providing services to the passenger in order to
23 facilitate the identification of the passenger by the driver,
24 or to facilitate communication between the passenger and the
25 driver.

26 Sec. 18. NEW SECTION. 321N.18 **Authority and rulemaking —**
27 **local tax prohibited.**

28 1. The department shall adopt rules to administer this
29 chapter.

30 2. Notwithstanding any provision to the contrary,
31 transportation network companies and drivers are governed
32 exclusively by this chapter and rules promulgated by the
33 department consistent with this chapter. A county, city, or
34 other municipality of this state shall not impose a tax on,
35 or require a license for, a transportation network company or

1 driver, or subject a transportation network company or driver
2 to any local rate, entry, or operational requirements, or any
3 other requirements.

4 Sec. 19. Section 321.1, subsection 8, Code 2015, is amended
5 by adding the following new paragraph:

6 NEW PARAGRAPH. *j.* A transportation network company driver,
7 as defined in section 321N.2, is not a chauffeur.

8 Sec. 20. Section 325A.1, subsections 6, 7, and 13, Code
9 2015, are amended to read as follows:

10 6. "*Motor carrier*" means a person defined in subsection 8,
11 9, or 10 but does not include a transportation network company
12 or a transportation network company driver, as defined in
13 section 321N.2.

14 7. "*Motor carrier certificate*" means a certificate issued
15 by the department to any person transporting passengers on any
16 highway of this state for hire, other than a transportation
17 network company or a transportation network company driver, as
18 defined in section 321N.2. This certificate is transferable.

19 13. "*Private carrier*" means a person who provides
20 transportation of property or passengers by motor vehicle,
21 is not a for-hire motor carrier or a transportation network
22 company or a transportation network company driver, as defined
23 in section 321N.2, or who transports commodities of which the
24 person is the owner, lessee, or bailee and the transportation
25 is a furtherance of the person's primary business or
26 occupation.

27 Sec. 21. Section 325A.11, Code 2015, is amended to read as
28 follows:

29 **325A.11 Passenger transportation.**

30 In addition to the requirements of subchapter 1, motor
31 carriers of passengers and charter carriers shall comply with
32 the requirements of this subchapter. A transportation network
33 company or a transportation network company driver, as defined
34 in section 321N.2, need not comply with the requirements of
35 subchapter 1 or 2.

1 Sec. 22. Section 325A.12, subsection 3, Code 2015, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. e. A transportation network company or a
4 transportation network company driver, as defined in section
5 321N.2.

6 Sec. 23. Section 327D.1, Code 2015, is amended to read as
7 follows:

8 **327D.1 Applicability of chapter.**

9 This chapter applies to intrastate transportation by
10 for-hire common carriers of persons and property. However,
11 this chapter does not apply to regular route motor carriers
12 of passengers or charter carriers, as defined under
13 section 325A.12, or a transportation network company or a
14 transportation network company driver, as defined in section
15 321N.2.

16 EXPLANATION

17 The inclusion of this explanation does not constitute agreement with
18 the explanation's substance by the members of the general assembly.

19 This bill provides for the regulation of transportation
20 network companies (TNCs).

21 The bill defines "transportation network company" as an
22 entity that uses a digital network or software application
23 service to connect passengers to TNC drivers providing TNC
24 services. The bill provides that a TNC is not required to
25 own, control, operate, or manage the motor vehicles used
26 by TNC drivers. The bill further defines "department",
27 "transportation network company driver", and "transportation
28 network company services".

29 The bill provides that TNCs, TNC drivers, and motor vehicles
30 used to provide TNC services are not motor carriers, private
31 carriers, charter carriers, common carriers, or taxicab
32 services.

33 The bill requires a TNC to obtain a permit from the
34 department of transportation (DOT). To obtain a permit, an
35 applicant must meet the requirements of the bill and pay a

1 \$5,000 annual fee, which is to be used by the department for
2 the administration of the bill. The bill also requires TNCs to
3 maintain an agent in the state, and provide passengers with an
4 image of the driver, the license plate number of the driver,
5 the calculation method for the fare, the option of receiving an
6 estimated fare, and an electronic receipt.

7 The bill further requires TNCs and TNC drivers to
8 maintain certain amounts of insurance coverage under certain
9 circumstances, including \$1 million in death, bodily injury,
10 and property damage coverage while the driver is providing
11 TNC services. The bill provides for the means of satisfying
12 the insurance requirements and details specifications for the
13 terms, exclusions, and disclosure requirements of insurance
14 policies with regard to motor vehicles providing TNC services.
15 During the investigation of a claim, the bill requires TNCs
16 and insurers to cooperate with the parties to the claim to
17 facilitate the exchange of information.

18 The bill requires TNCs to adopt a policy prohibiting the use
19 of drugs or alcohol by a driver while the driver is providing
20 services or is logged on to the company's digital network or
21 software application service and available to receive requests
22 for transportation from potential passengers. The policy
23 must include a procedure by which a passenger can submit a
24 complaint against a driver with whom the passenger was matched
25 by the company if the passenger reasonably suspects the driver
26 was under the influence of drugs or alcohol while providing
27 services to the passenger. Upon receipt of a passenger
28 complaint alleging a violation of the drug and alcohol policy,
29 the company shall immediately suspend the driver's access to
30 the company's digital network or software application service
31 and shall conduct an investigation into the reported incident.

32 The bill provides for certain requirements for drivers.
33 Drivers must be 19 years of age, possess a valid Iowa driver's
34 license, possess proof of Iowa registration, and possess
35 proof of financial liability coverage. Drivers must not

1 have been convicted of certain moving violations or other
2 crimes within certain periods of time before applying to be
3 a TNC driver. The bill prohibits drivers from soliciting or
4 accepting passengers hailing the driver from the street, and
5 from accepting cash payments from passengers.

6 The bill further prohibits discrimination against passengers
7 and potential passengers. The bill requires drivers to comply
8 with all applicable laws relating to accommodation of service
9 dogs and assistive animals, and prohibits drivers from imposing
10 additional charges for providing services to a passenger with
11 a physical disability if the charges are imposed because of
12 the passenger's physical disability. The bill provides that
13 a TNC shall provide a passenger the opportunity to indicate
14 whether the passenger requires a wheelchair-accessible motor
15 vehicle as part of the passenger's request for transportation.
16 If the company cannot, under any circumstances, arrange a
17 wheelchair-accessible motor vehicle to provide the passenger
18 with services, the company shall provide the contact
19 information of an alternate provider of wheelchair-accessible
20 transportation, if available.

21 The bill provides for the retention of certain records, and
22 prohibits the release of personal information, except under
23 limited circumstances.

24 The bill further provides that the DOT shall adopt rules
25 to administer the provisions of the bill, and prohibits local
26 governments from imposing requirements on TNCs or drivers.

27 The bill excludes TNCs and drivers from various definitions
28 and requirements relating to the transportation of passengers
29 for hire that appear elsewhere in the Code.